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December 8, 2006

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OF COUNSEL
WILLIAM G. GONLY

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Hosston Zone, Reservoir A; Cotton Valley Formation,
Reservoir A; and Lower Cotton Valley Zone,
Reservoir A; ELM GROVE FIELD, Bossier Parish,
Louisiana.

Dear Sir:

J-W OPERATING COMPANY ("Applicant") hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matters relating to the Hosston Zone, Reservoir A; to the Cotton Valley Formation, Reservoir A; and to the Lower Cotton Valley Zone, Reservoir A; in the Elm Grove Field, Bossier Parish, Louisiana:

1. To permit Applicant to designate and utilize five (5) additional alternate unit wells for HOSS RA SU107, and three (3) additional alternate unit wells each for CV RA SU127 and for LCV RA SU60, at the locations shown on the attached plats.
2. To approve exceptions to the spacing provisions of Office of Conservation Order No. 361-A-1, effective October 1, 1972 (applicable to the Hosston Zone, Reservoir A), Office of Conservation Order No. 361-B, effective October 1, 1973 (applicable to the Cotton Valley Formation, Reservoir A), and Office of Conservation Order No. 361-E, effective July 16, 1996 (applicable to the Lower Cotton Valley Zone, Reservoir A), for the location of any of the proposed alternate unit wells, as shown on the attached plats, which does not comply with the spacing provisions in these Orders.
3. To find that each of the proposed alternate unit wells is necessary to efficiently and economically drain a portion of the unit on which it is proposed to be located which cannot be efficiently and economically drained by any existing well on such unit.
4. To discuss such other matters as may be pertinent to this application.

The Hosston Zone, Reservoir A, in the Elm Grove Field, Caddo, Webster, Bossier and Bienville Parishes, Louisiana, was defined in Office of Conservation Order No. 361-A-1, effective October 1, 1972, and was further defined in subsequent Orders of the 361-A Series of Orders.

The Cotton Valley Formation, Reservoir A, in the Elm Grove Field, Caddo, Webster, Bossier and Bienville Parishes, Louisiana, was defined in Office of Conservation Order No. 361-B, effective October 1, 1973, and was further defined in subsequent Orders of the 361-B Series of Orders.

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The Lower Cotton Valley Zone, Reservoir A, in the Elm Grove Field, Caddo, Webster, Bossier and Bienville Parishes, Louisiana, was defined in Office of Conservation Order No. 361-E, effective July 16, 1996.

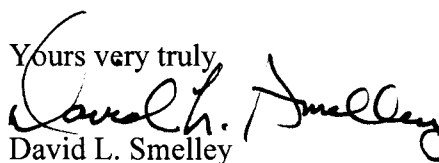
Any pertinent data concerning this application will be available for inspection at the offices of Mr. Joe B. Adams, 9141 Interline Avenue, Suite 3A, Baton Rouge, Louisiana 70809. Any person wishing to inspect any such data should call Mr. Adams at (225) 929-6097 during normal business hours in order to arrange a date and time for such inspection. A copy of any such data which is not otherwise available at the Office of Conservation can be obtained from Applicant at the expense of the requesting party.

As provided by the Revised Rules of Procedure, the subject matter of this application does not require the issuance of a pre-application notice; therefore, no such notice has been issued.

Pursuant to the aforesaid Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of this letter, and of each of the three (3) attached plats, is being sent to the District Manager of the Shreveport District of the Office of Conservation and to the Interested Owners, Represented Parties and Interested Parties, as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing and the enclosed plats at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Elm Grove Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, we enclose a check payable to the Commissioner of Conservation for the application fee.

Yours very truly,

David L. Smelley

-- Attorney for J-W Operating Company

DLS:dp
Enclosures

cc: Mr. Jim Broussard (w/encls.)
Mr. Jerry Wooten (w/encls.)
Mr. Michael Baca (w/encls.)
Mr. Joe B. Adams (w/encls.)
Interested Owners, Represented
Parties and Interested Parties (w/plats only)

